



0000107217

RECEIVED

Leland R. Snook  
Director  
State Regulation & Pricing

Tel. 602-250-3730  
Fax 602-250-3003  
e-mail Leland.Snook@aps.com

2010 FEB -5  
Mail Station 9708  
PO Box 83999  
Phoenix, Arizona 85072-3999

AZ CORP COMMISSION  
DOCKET CONTROL

February 5, 2010

Arizona Corporation Commission  
**DOCKETED**

FEB - 5 2010

Docket Control  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

DOCKETED BY	<i>[Signature]</i>
-------------	--------------------

RE: Palo Verde Hub to North Gila 500-kV Transmission Line Project  
Docket No. L-00000D-07-0566-00135

To Whom It May Concern:

Arizona Public Service Company's ("APS" or "Company") Certificate of Environmental Compatibility ("CEC") for the Palo Verde Hub to North Gila 500-kV Transmission Line Project ("North Gila 2") authorized APS's originating interconnections to be at one of the following locations: (1) the Arlington Valley Energy Facility Switchyard ("Arlington"); (2) the Hassayampa Switchyard ("Hassayampa"); or (3) the Redhawk Power Plant ("Redhawk"). Condition 22 requires APS to "pursue good faith efforts to reach a commercially reasonable agreement for interconnection at a new Arlington Valley 500-kV Switchyard" and to file "a report summarizing its efforts, the option(s) ultimately selected, and the reasons other option(s) were not selected."

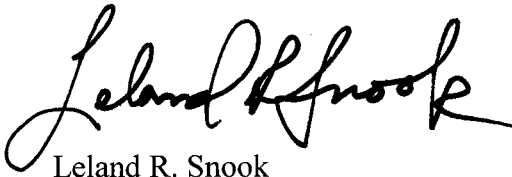
Consistent with Condition 22, APS pursued good faith discussions with Arlington about interconnecting at that switchyard. During the course of those discussions, however, APS learned that such interconnection would result in scheduling limitations that would render the project's objectives unachievable. Because there is one 500kV line from the Arlington switchyard to the Hassayampa switchyard, if APS were to terminate the North Gila 2 line at Arlington, the line rating would only be about 1,200 Megawatts ("MW"). Arlington currently generates 600 MW and is planning for an additional 600 MW. However, Arlington desires to maintain a minimum of 1,200 MW of its rights to Hassayampa. Even with the additional 600 MW, if Arlington were to exercise its rights, there would be no remaining capacity for North Gila 2. The participants would be stranded at Arlington, and unable to access the Palo Verde Hub.

Redhawk is not the preferred option because a termination interconnection at this location would result in a multiple-line crossing: the North Gila #2 line would cross over two 500kV lines (the Hassayampa-North Gila #1 500kV line and the Hassayampa-Jojoba 500kV line). APS planners avoid power line cross-overs wherever possible in order to maintain the reliability of the system. When one line crosses over another, a single incident can take out more than one line. And, while the second line is being constructed, the existing lines must be taken out of service.

One previously certificated option remains – an interconnection point at Hassayampa. APS's 10-year plan, which it recently submitted, thus reflects Hassayampa as the selected interconnection point for the North Gila 2 transmission line.

If you have any questions regarding the information contained herein, please contact Jennie Vega at 602-250-2038.

Sincerely,

A handwritten signature in black ink, appearing to read "Leland R. Snook". The signature is fluid and cursive, with the first name "Leland" being more prominent and the last name "Snook" written in a more compact, stylized manner.

Leland R. Snook

LS/sl  
Attachments

cc: Steve Olea  
Brian Bozzo  
Prem Bahl  
Ray Williamson